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UNCLAS SECTION 01 OF 05 COLOMBO 000657

SIPDIS

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SENSITIVE

E.O. 12958: N/A

TAGS: [EAID](#) [PREL](#) [CE](#) [LTTE](#)

SUBJECT: REVISED DONOR STATEMENT OF PRINCIPLES RE FOREIGN ASSISTANCE TO SRI LANKA

SENSITIVE BUT UNCLASSIFIED - PROTECT ACCORDINGLY

Ref: Colombo 606

1. (U) This is an ACTION request, please see para. 6.

2. (SBU) Summary: This cable contains the latest draft of the Donors' statement of principles regarding provision of foreign assistance to Sri Lanka as the peace process proceeds. The text has been agreed to (ad referendum) by all of Sri Lanka's major donors at a meeting at Ambassador Wills' residence April 15. The meeting produced only minor revisions to the text agreed the week before and reported in reftel. The meeting did produce, however, a major change to the manner in which the statement of principles will be presented: donors agreed to defer the decision on whether to make the document public at the June Tokyo Donor Forum. The donor group will first present the statement privately to the GSL and LTTE, through the Norwegians, at the seventh round of peace talks to begin April 29 in Thailand. Based on the reactions of the GSL and LTTE to the document, the donor community will decide whether to make the statement public at Tokyo or not. Insofar as possible, the donors will keep the document private unless agreed otherwise. The group also discussed a common press posture, should the document become public. End Summary.

3. (SBU) The principal donors to Sri Lanka reconvened April 15 at Jefferson House to discuss proposed revisions by capitals to the text agreed the previous week and reported reftel. The meeting produced only minor revisions to the text itself (see para. 7). The most significant revision to the text was to insert an explicit distinction between development assistance and humanitarian assistance: the former would be linked to the statement of principles, but the latter would not. Most of the afternoon's discussion focused on how best to present the statement to the GSL and LTTE, so as not to alienate either party (especially the LTTE) and thereby upset the peace process. The Japanese Ambassador had earlier in the day called a meeting of the four co-chairs of the June Tokyo conference (Japan, US, the EU and Norway) to discuss how the donor community should handle the document. The "quartet" decided that it would be best to make the document a private message to the GSL and the LTTE from the donor community, rather than make it public in Tokyo in June (as agreed by the donor group the previous week). The quartet then presented that recommendation for consideration by the wider donor community during the all-hands meeting at Jefferson House.

4. (SBU) Some donors (notably Canada and the Netherlands) disagreed with the quartet and argued the document would be effective only as a public declaration by the donor community; others saw merit in a quieter approach. The group ultimately reached a consensus to present the statement of principles privately to the GSL and LTTE, through the Norwegian facilitators, at the Thailand peace talks scheduled for April 29. Both parties will then have a chance to react to the document in subsequent weeks. Based on the reactions, the donor community will then decide whether to make the document public at the June Tokyo Donor Forum (as originally planned). All agreed that it was likely the document would be leaked at some stage, and discussed a common press posture should the document become public.

5. (SBU) The donors agreed to consult capitals on the new text as well as the new manner of presentation by April 23, when the group will convene again at Jefferson House.

6. (SBU) Action Request: Request Washington agencies' comments/concurrence prior to April 23 on the text in para. 7, the proposed manner for presenting the document described in para. 8, and the "if asked" press guidance in para. 9.

Statement of Principles

DRAFT April 15, 2003

Consensus Paper on Basic Principles for Peace and
Development

1. Purpose

To ensure sustainable resources for peace and development in Sri Lanka through a process that links development assistance to adherence to basic principles. This is not intended to prescribe but rather to take forward the dialogue and partnership among GOSL, LTTE and donors, on shared concerns.

2. Background and Rationale

Sri Lanka is in a period of transition, somewhere between war and peace but not yet definitively 'post conflict.' Progress towards peace and political settlement must be encouraged and supported by all parties.

This paper highlights basic agreed principles and suggests milestones that link development assistance to the peace process. The principles and milestones relate to development assistance, not humanitarian aid.

Sri Lanka can boast significant progress towards peace. The ceasefire agreement is one year strong, regular peace negotiations have demonstrated commitment to address core issues such as a political settlement, human rights, humanitarian and rehabilitation assistance and gender. Development achievements are also noteworthy: SIHRN has been established and acknowledged by the international community; NERF is operational; quick impact projects are being approved; the paper, "Regaining Sri Lanka," along with a multilateral group-supported assessment for immediate and medium term rehabilitation needs, will be tabled at a pledging conference in Tokyo in June 2003.

The peace process and the development process are mutually reinforcing. There is need, therefore, to develop mechanisms for ensuring they complement each other.

3. Basic Principles

3.1 Progress on Political settlement

The main message of the Oslo Declaration is that a viable political settlement should be the desired outcome of the peace process. Through six rounds of talks, progress and commitments have been made on substantive issues. At the Hakone talks, the parties to the negotiation reiterated their commitment to develop a federal system based on internal self-determination within a united Sri Lanka. This consensus paper recognises that this process will take time, and aims to enhance this positive momentum.

3.2 Respect for human rights and security

Human security is central to the post conflict peace settlement process. It encompasses freedom for civilians from pervasive threats, ensures their protection and safety, and promotes respect for human rights by all parties.

The Hakone peace talks expressed the parties' commitment to respect and uphold human rights. We encourage expeditious development and implementation of the human rights roadmap. There has also been ongoing substantive dialogue between the LTTE and a coalition of organisations led by UNICEF on child rights and children affected by war.

Considerable commitments were made during 2002 regarding land tenure and access issues in conflict-affected areas, and on the rights of IDPs. These positive initiatives now require support and implementation. Adoption of the Guiding Principles on Internal Displacement would support these initiatives.

3.3 Participation and Representation

The Oslo Declaration and SIHRN's Guiding Principles underscore the importance of recognising the needs and aspirations of all ethnic communities as well as actively involving beneficiaries of development assistance in planning their own development.

At present, ordinary Sri Lankans need a better understanding of the peace process. Wider public knowledge and dialogue on the negotiations would strengthen public support for peace.

Keys to effective engagement with international actors on development, investment and trade will be establishing pluralistic, representative government and open, market-oriented economies in conflict-affected areas. In the latter connection, the donors call on the parties to adopt economic

policies aimed at reducing poverty and encouraging private sector activity.

3.4 Democracy

The donors accept that it is for the parties to negotiate constitutional arrangements with which the country as a whole will be comfortable. The donors' concern is that the system must be democratic, transparent and accountable.

There is overwhelming support for a greater degree of autonomy at local levels, with representative decentralised local government that is accountable, responsive to local needs, makes better use of available local resources and delivers efficient services. While this transition will take time, developing and strengthening local government structures expeditiously will help build trust within and between communities and create an enabling environment for increased donor support. The Hakone proposal to prepare for local government elections in the North and East is a welcome initiative.

3.5 Transparency and Management of Finances

With additional resources being committed in the conflict-affected areas, the open and transparent management of these resources would increase community and donor confidence. While the guidelines for SIHRN and the NERF are positive steps, the lack of clarity over systems of revenue generation, resource distribution and taxation in conflict-affected areas needs to be resolved. The donors urge the parties, in the management of public finance and development assistance, to combat waste, fraud, and all other corrupt practices.

4. Reconciliation

Ultimately, the goal of the peace process will be reconciliation between and among communities island-wide. This will require the underlying causes of tensions between and amongst communities island-wide to be addressed and reconciled. National frameworks such as that for Relief, Rehabilitation and Reconciliation (3R) make important recommendations which address both equity and access imbalances in Sri Lanka. Issues such as language policy, education and public sector reform require immediate action, additional resources and unwavering political commitment.

5. Milestones

The success of the framework will depend on the setting of realistic and achievable milestones. The immediate priorities include:

- Full implementation of the ceasefire agreement, including unrestricted access by the SLMM.

- Underage recruitment: children no longer subject to recruitment; progress on the reintegration of current and former underage recruits into communities

- Adoption of the "plan" leading to a final political settlement.

- Clarification of the respective roles of central and local government in the administration of taxation and the management of public funds.

- Respect for basic operating principles of international humanitarian and development assistance agencies.

- Progress on settlement of land and livelihood issues on occupied lands, including in the HSZ.

- Development of structures of governance at the sub-national level that are representative, transparent and accountable.

- No laying of new mines and increased mine clearance.

As the peace process progresses, there will need to be dialogue to establish further milestones in emerging areas such as security and related matters.

Annex 1 contains sample, illustrative milestones in support of the above principles.

End Text.

(Note: Donors agreed to label the document "Confidential," not to classify the text per se, but to convey the shared intention to keep the document private. End Note.)

Proposed Manner of Presentation

18. (SBU) As agreed by the donor group, the Norwegians will present the statement of principles privately to the GSL and LTTE at the Thailand peace talks scheduled for April 29. Both parties will then have a chance to react to the

document in subsequent weeks. Based on the reactions, the donor community will then decide whether to make the document public at the June Tokyo Donor Forum (as originally planned).

"If asked" Press Guidance

19. (SBU) Consistent with the common press posture agreed by the donor group, Mission has developed the following "if asked" press guidance in the event the statement of principles becomes public.

Question: Is the donor community in Sri Lanka developing "conditionalities" that link development assistance to progress in the peace talks?

Answer: Development aid won't work unless conditions on the ground permit development to occur. Knowing this, the donor community is moving toward consensus on links between progress in the peace process and aid for peace.

Question: Why hasn't the donor community shared these deliberations with the Sri Lankan public?

Answer: We felt it appropriate for the donor community to take its concerns directly and privately to the GSL and the LTTE. In turn, it is up to the GSL and the LTTE to determine whether to make our concerns public.

Question: Why have you kept these discussions from the GSL and the LTTE?

Answer: It was the donor community's intention to share its concerns, through the Government of Norway, with the GSL and the LTTE during the peace talks to be convened in Japan.

Question: What do you mean by "links"?

Answer: Again, this question is for the parties to answer. Clearly, though, it is fruitless to rebuild schools when children are still subject to recruitment. Agricultural aid will lead to prosperity, but not until promises to lay no new landmines are kept and mine clearance activities are enhanced. More generally, international and development assistance agencies cannot hope to work in conflict areas unless their basic operating principles are respected.

WILLS